
CARLING O'KEEFE
LIMITED

The Carlsberg Family–Carlsberg, Carlsberg Light, Carlsberg Gold and Carlsberg Bock. During the year, Carlsberg Bock joined the Carlsberg Family.

CARLING O'KEEFE LIMITED

ANNUAL REPORT

1983

SUMMARY OF OPERATIONS

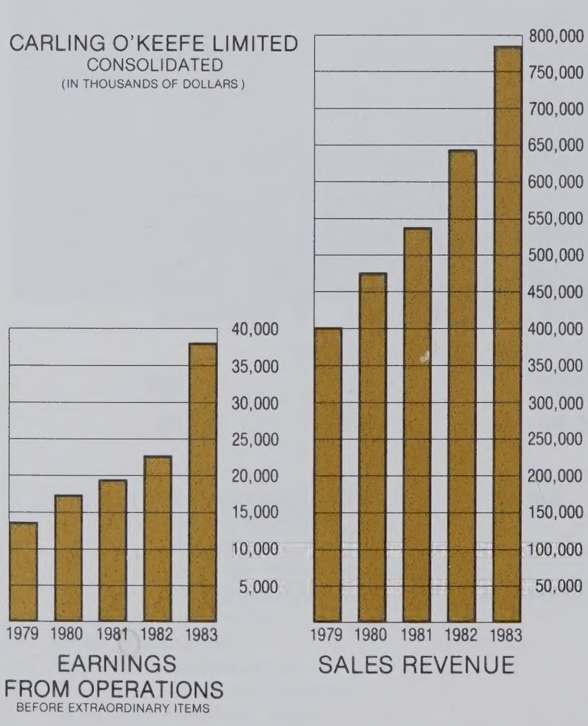
	1983	1982	1981
BEER			
Sales–hectolitres	5,397,000	5,265,000	4,991,000
Sales revenue	$709,820,000	$583,281,000	$481,189,000
WINE			
Sales–hectolitres	235,000	217,000	223,000
Sales revenue	$ 58,238,000	$ 48,563,000	$ 44,021,000
OIL AND GAS			
Sales–gas (10^3m^3)	132,000	139,000	139,000
–oil and other (m^3)	70,000	64,000	82,000
Sales revenue	$ 16,169,000	$ 12,289,000	$ 12,138,000
CONSOLIDATED			
Sales revenue	$784,227,000	$644,133,000	$537,348,000
Earnings before extraordinary item	$ 38,069,000	$ 22,774,000	$ 19,785,000
Earnings after extraordinary item	$ 38,069,000	$ 22,774,000	$ 30,285,000
Earnings per common share			
–before extraordinary item	$1.65	95¢	82¢
–after extraordinary item	$1.65	95¢	$1.30
Dividends per common share			
–regular	26¢	20¢	20¢
–special	–	7.5¢	–

Report to the Shareholders

The fiscal year ended March 31, 1983 was one of significant growth for Carling O'Keefe Limited despite the unfavourable economic environment.

Consolidated earnings for the year were $38,069,000 or $1.65 per common share, compared to $22,774,000 or 95¢ per common share for the year ended March 31, 1982. Consolidated sales revenue for 1983 was $784,227,000, an increase of $140,094,000 or 22% over the previous year.

The Corporation's financial position improved considerably during the year. At March 31, 1983, cash and short term investments, net of bank indebtedness, was $31,635,000, compared to a net short term borrowing position of $11,192,000 at March 31, 1982. The improvement in cash position reflected the higher earnings of the Corporation and the strict controls which were applied to accounts receivable and inventories to ensure that they were held to the minimum level consistent with efficient operations. Although the positive cash position was gratifying, the payment in May of the final income tax instalment for the 1983 fiscal year, and the higher level of the capital expenditure programme, will utilize these funds during the 1984 fiscal year.



Dividends per common share were increased from 5¢ to 7¢ per quarter commencing with the payment made October 1, 1982, for a total payout of 26¢ per common share for the year.

Carling O'Keefe Breweries of Canada Limited had a successful year, reporting increased sales volume, sales revenue and earnings. The increased sales volume reflected an increase in market share, which more than offset the effect of an industry volume decline of in excess of 1%. Particularly gratifying was the increase in market share in the key provinces of Ontario and Quebec. Volume gains arose from the introduction of new brands, packaging innovations and growth in all the major brands. Share of market in the last quarter of the fiscal year was higher than the average for the year, indicating that the company's brands continue to grow in popularity. The company also has a higher national market share in the growing light beer segment than in regular beers.

Increasing sales volume has resulted in the company reaching its practical production capacity in Alberta, British Columbia and Ontario. Major capital programmes to expand the breweries in Calgary, Alberta and Vancouver, British Columbia have started, and plans are under way to begin expansion of the brewery in Toronto, Ontario before the end of the 1984 fiscal period.

The rate of industry sales volume growth and the ability of the industry to obtain adequate price increases remain the major concerns for the future. Industry growth, if any, will be modest and could be further threatened by the ever increasing rate of production and sales taxes. Large increases in selling prices, whether due to inflationary factors or higher taxation rates, tend to reduce the industry volume. At the same time, margins must be maintained in order to provide

a reasonable rate of return on investment. The company intends to continue its aggressive marketing programme to maintain share growth by supporting its growing brands and by being innovative in the market place with new products, brands and packaging, which will expand the appeal of its products to the consumer.

Effective April 1, 1982, Century Importers, Inc., the sole distributor in the United States of O'Keefe Ale, Old Vienna and Cinci, was acquired. This acquisition was important, as it gives Carling O'Keefe control over the distribution and marketing of its brands in the important United States market, where Canadian beer has a very positive image and sales volume has grown significantly in recent years.

Beamish & Crawford Limited, the Irish brewing subsidiary, had a reasonable year and reported increased revenue, earnings and market share under difficult economic conditions, which resulted in an industry sales volume decline. Despite the poor economy, the company should continue to make progress, due to the strength of its major brands.

Jordan & Ste-Michelle Cellars Ltd. reported increased sales volume, sales revenue and earnings. Sales volume gains were achieved in both the wine and cider segments of the market. White table wine continued to gain acceptance in a very price competitive market, and the company increased its market share through consistent advertising and support of specific brands.

While the Corporation's return on the investment in the wine business remains relatively low, management of the wine company has taken steps to increase sales volume, improve utilization of assets and implement technological innovation. The company will continue to benefit from these programmes and progress will be made, provided that government regulations and taxes are applied to the wine industry in a consistent and supportive manner.

Despite the generally unfavourable conditions that exist in the petroleum industry, Star Oil & Gas Ltd. had a satisfactory year in its Canadian operations, reporting increased oil production, sales revenue and earnings. However, a substantial write down of the carrying value of oil and gas properties in the United States and the write off of the cost of the unsuccessful drilling programme in Australia resulted in Star's total earnings for the year being below last year's level.

The activity in the United States petroleum industry slowed considerably during the year, as prices for crude oil and some categories of natural gas declined and demand for natural gas fell as a result of the economic recession. In view of the uncertainty as to when and at what price Star would be able to place its new natural gas reserves on production, the results of Star's exploration programme in the United States had to be reevaluated. It was determined that the market value of the investment was below carrying cost and, accordingly, it was written down.

Star maintained exploration and development expenditures at the same level as last year, and concentrated on low-risk oil plays in Canada in order to take advantage of incentive programmes implemented by the various levels of government.

It is particularly disappointing to have to report that the uncertainty that has plagued the petroleum industry in Canada since the advent of the National Energy Program continues. A new round of negotiations is underway between the Government of Canada and governments of the producing provinces to determine how to cope with the uncertainty of world oil prices and what steps can be taken to provide sufficient initiatives for the industry to increase its level of activity in Canada and thereby contribute to economic recovery. The export price of natural gas, which is established by the Government of Canada, will be a detriment to the industry if the price continues at a level that makes natural gas noncompetitive with other energy alternatives. Steps must be taken to at least maintain present markets for natural gas by permitting exports at competitive prices.

The longer term prospect for improved earnings for Star Oil & Gas Ltd. is, to a considerable degree, in the hands of the various governments.

The producers' net cash flow, after production costs and taxation, has to be increased if the industry is to be expected to achieve the government objective of energy self-sufficiency for Canada by 1990.

MILLER BREWING COMPANY

In March 1983, Carling O'Keefe Breweries of Canada Limited announced that an agreement had been entered into with Miller Brewing Company of Milwaukee, Wisconsin. Under the terms of the agreement, Carling O'Keefe obtained the right to manufacture and sell certain Miller brands in Canada. In May 1983, Miller High Life was launched in Quebec, Ontario, Manitoba and Saskatchewan in a distinctive bottle and at regular prices. Canadian beer drinkers have been looking for more international distinction in the brands being offered to them and Miller fills this requirement. As part of the agreement, Miller has the right to import and distribute for sale in the United States a brand of Carling O'Keefe which is not presently on sale in that country.

The arrangement with Miller Brewing Company will be important to the future of Carling O'Keefe, and will help to complete the line up of fine brands produced and sold by the company in Canada.

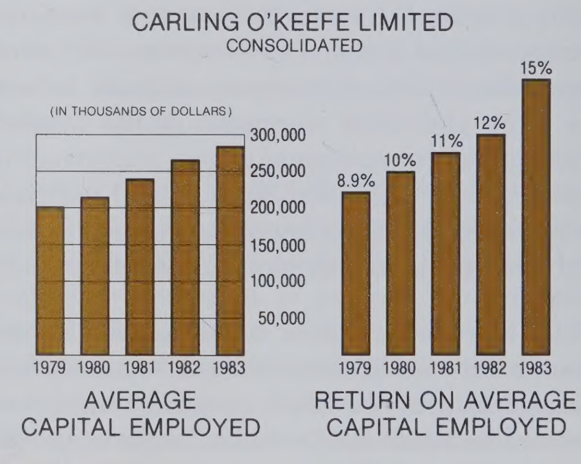
BOARD OF DIRECTORS

In May 1983, four members retired from the Board of Directors. In accordance with the policy on age limitation, Mr. John C. Lockwood and Mr. George C. Solomon retired as Directors of the Corporation. Mr. Lockwood had been a Director since July 1975 and had served as Chairman of the Board of Directors from 1975 to 1980. In addition, he served as President of the Corporation from 1976 to 1978. During his term as an Officer and Director, Mr. Lockwood provided astute leadership during a difficult period in the Corporation's history, and was instrumental in fashioning the solid foundation for the present success. Mr. Solomon was the longest serving current member of the Board, having been a Director since February 1964, and in the latter years serving as a member of the Audit Committee. Mr. John P.U. Burr, who had been a Director since September 1977, wished to reduce the amount of his time which was committed to business and, accordingly, resigned as a Director.

The Honourable Alastair Gillespie, who had served as a Director and as Chairman of the Board since September 1980, resigned his position. Mr. Gillespie had reached the conclusion that, in view of publicity of a political nature, it would be in the best interest of the Corporation that he not continue as Chairman of the Board.

The Board wishes to thank these four Directors for their services to the Corporation.

Four new Directors have been appointed to the Board. They are: Mr. Pierre Des Marais II, President of Pierre Des Marais Inc., Montreal, Quebec; Mr. Vernal C. German, Company Director and Consultant, Toronto, Ontario; William J.M. Henning, Q.C., a Senior Partner, Parlee, Irving, Henning, Mustard & Rodney, Edmonton, Alberta; James G. Torrance, Q.C., a Senior Partner, Smith, Lyons, Torrance, Stevenson & Mayer, Toronto, Ontario.



OUTLOOK

Rates of inflation and interest are moderating and, together with other signs that economic conditions in Canada are improving, lead to a more optimistic view of the future. However, the high level of unemployment, which is not forecasted to decline over the next few years, results in continued concern about its effect on the sales volume of the alcoholic beverage industry. It is

likely that any increase in industry sales will be small and this will result in continued intense competition in the industry. Management believes that the growth in market share and resulting sales volume which has been achieved in the fiscal year ended March 31, 1983 can be maintained. This will result in improved earnings, provided that adequate price increases can be obtained on a timely basis. It is also anticipated that earnings in the oil and gas subsidiary should improve if the current problems related to pricing and revenue sharing can be satisfactorily resolved among the various levels of government and the industry.

APPRECIATION

On behalf of the Board of Directors, I would like to thank our employees for their dedication and hard work over the past year; our customers who are buying our products in increasing numbers every day; our suppliers who provided us with a great deal of support and assistance in meeting our various requirements; and our Shareholders for their continued confidence and support. Without the efforts of all these people, the success of the past year would not have been possible.

May 26, 1983

S. R. McInnes

President and Chief Executive Officer

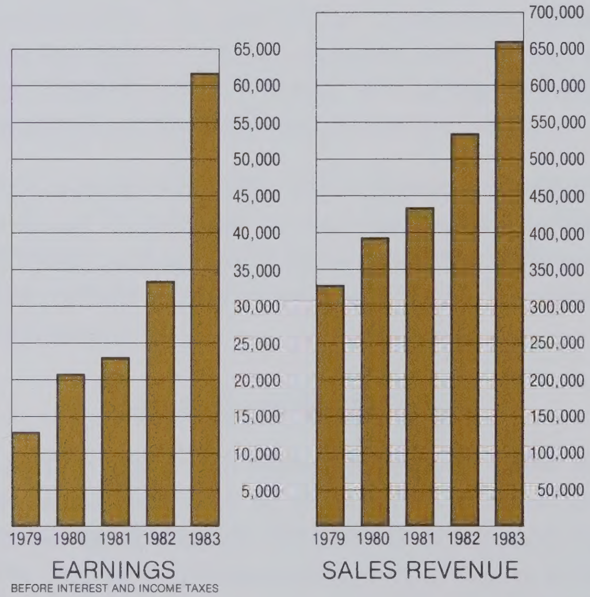
Review of Operations

BREWING OPERATIONS–CANADA

Financial Years Ended March 31	1983	1982	1981
Sales–hectolitres	5,150,000	5,012,000	4,756,000
Sales revenue	$661,761,000	$535,329,000	$435,721,000
Earnings before interest and income taxes	$ 61,881,000	$ 33,458,000	$ 23,078,000
Earnings per hectolitre	$12.02	$6.68	$4.85

The sales volume of the Canadian beer industry declined by approximately 1% from the previous year, reflecting the effect of the economic recession on beer consumption. Despite this industry volume downturn, Carling O'Keefe Breweries of Canada Limited's sales volume increased by approximately 3%, as market share improved over the preceding year by in excess of 1 percentage point. Market share increased in Quebec, Ontario, Manitoba, Saskatchewan and Alberta. The company maintained its market share in British Columbia and experienced a slight decline in Newfoundland.

BREWING OPERATIONS-CANADA
(IN THOUSANDS OF DOLLARS)



In July 1982, O'Keefe's Extra Old Stock malt liquor was introduced into Saskatchewan and the brand achieved a market share well above expectations. Carlsberg Bock, a special seasonal product, was launched in Ontario and Newfoundland in January 1983 and sales exceeded forecast. Carlsberg Light was launched in British Columbia in March 1983 and has shown satisfactory results. Sales volume also benefitted from a full year's sales of O'Keefe Light in Quebec and Carlsberg Light in Newfoundland, both of which were launched in March 1982. As part of the overall plant expansion at Vancouver, a canning line was installed which allowed the company to be the first to introduce the aluminum beer can into the British Columbia market.

The cost of raw materials, labour and overhead expenses were held below inflationary levels through the year, the result of lower agricultural ingredient prices and productivity improvements.

The intense competition among the Canadian brewers continued during the year, as evidenced by increasing levels of marketing activity and spending. An additional competitive factor was the use of pricing as a marketing device under the systems of open pricing in British Columbia, Alberta and Manitoba.

Competitive pressure also occurred from other alcoholic beverages. The level of taxation on beer, particularly as it affects the consumer price, is a major concern, as taxes on beer have risen faster than on spirits and wines over the past few years. In an effort to protect the industry, representations in this regard have been and will continue to be made to both federal and provincial governments.

The Toronto Argonauts, the company's Canadian Football League team, had an excellent season and represented the Eastern Division in the 1982 Grey Cup. The marked improvement of its on-field performance enhanced the promotional value of the club and improved operating results.

The Quebec Nordiques, the company's National Hockey League team, had another satisfactory season, finishing eleventh overall in the League. The popularity of the Quebec Nordiques continued to grow within the Province of Quebec and in other provinces in Canada, further enhancing the image and promotion of the company's products.

The increase in the company's earnings, before interest and income taxes, in 1983 was the result of the growth in sales volume, the control of costs and expenses below inflationary levels, together with the favourable effect of the timing and amounts of selling price increases.

The planned expansion of a number of the company's facilities, as reported last year, continued during 1983. The major expansion programmes in Calgary, Alberta and Vancouver, British Columbia will be completed in phases over the next few years and plans are underway for additional capacity at the Toronto, Ontario brewery.

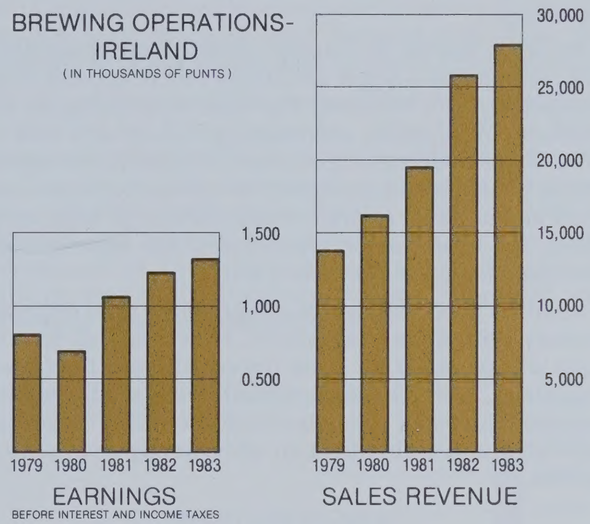
The company's major labour contracts in Quebec and Ontario expired December 31, 1982, and in British Columbia on April 30, 1983. In these provinces, two year agreements have been reached. The labour contracts in Newfoundland, Saskatchewan and Alberta expired March 31, 1983 and are presently in negotiation. The labour contract in Manitoba expires May 31, 1983. It is anticipated that the remaining outstanding contracts will be negotiated without disruption to operations.

BREWING OPERATIONS–IRELAND

Financial Years Ended March 31	1983	1982	1981
Sales–hectolitres	247,000	253,000	235,000
Sales revenue	$48,059,000	$47,952,000	$45,468,000
Earnings before interest, foreign exchange and income taxes	$ 2,146,000	$ 2,094,000	$ 2,460,000
Foreign exchange loss	$ 702,000	$ 1,432,000	$ 1,207,000
Earnings before interest and income taxes	$ 1,444,000	$ 662,000	$ 1,253,000
Earnings per hectolitre	$5.85	$2.62	$5.33

Beamish & Crawford Limited had a satisfactory year, reporting increased sales revenue and earnings, despite a decline in sales volume. The company's share of market increased, which reflected the excellent performance of the company's principal brands, Carling Black Label and Carlsberg, in the lager sector of the market, which is the only sector showing growth. As a result of the troubled economy and continued high unemployment, the increase in market share was offset by a decline in industry sales volume. Increases in excise taxes, value added taxes, retailers markup and brewery selling prices resulted in a significant increase in the final selling price of the product, which also had an adverse effect on industry sales.

The Canadian dollar strengthened during the year relative to the value of the Irish punt, resulting in a foreign exchange loss on translation of the financial statements to Canadian dollars.



INTERNATIONAL DIVISION

Royalty income from the sale of Carling Black Label in overseas markets, where it is produced under licence, was $1,464,000, compared to $1,470,000 the previous year. The positive effect of higher sales volume and higher royalty rates was offset by unfavourable exchange factors on conversion of the pound sterling to Canadian dollars.

WINE OPERATIONS

Financial Years Ended March 31	1983	1982	1981
Sales–hectolitres	235,000	217,000	223,000
Sales revenue	$58,238,000	$48,563,000	$44,021,000
Earnings before interest and income taxes	$ 5,741,000	$ 3,949,000	$ 1,512,000*
Earnings per hectolitre	$24.43	$18.20	$7.29

*Carling O'Keefe Limited 91.9% share.

Jordan & Ste-Michelle Cellars Ltd. achieved significant increases in sales volume, sales revenue and earnings.

The wine market in Canada grew by approximately 4%, which was a slight decline in rate of growth from the prior year's 5% level. The table wine category out performed all other segments, growing at a rate of 6%. White table wine continued to broaden its appeal to the consumer, enjoying a 13% volume increase, and now accounts for approximately 58% of all table wine sales. All other major segments of the wine market declined from the previous year.

Canadian produced wines continued to hold approximately 48% of the total market. However, this level of sale is threatened by wine imported from European countries, which have significant wine surpluses and complex forms of subsidies for agricultural based co-operatives, which result in abnormally low selling prices.

The company's sales volume improved by 8% over last year. This growth was concentrated in the major markets of Ontario and British Columbia, where volume increased by approximately 19% and share of market increased significantly. These increases were partially offset by lower bulk and export sales, and lower sales in Quebec, Manitoba and Saskatchewan.

The company continued its programme of developing a complement of brands, with primary consumer benefits, which can be advertised on a national basis. Spumante Bambino, Maria Christina, Toscano and Falkenberg have responded well to this approach in all markets. Grower's Cider, a successful regional product, also performed very well as an advertised product in a specialty growth market segment.

The retail store division in Ontario showed above market level growth. One additional store was opened during the year, bringing the number of stores to 29.

The company continued its programme of technological improvements, and a low pressure juice concentrator was brought into full production at the St. Catharines winery. With this improved technology, better quality wines can be produced using exclusively domestic grapes. Interlude, a wine which is a product of the new technology, was launched late in the fiscal year and consumer response has been very favourable. Complementing the new technology, additional viticultural work was carried out in Jordan's greenhouse and experimental vineyards to improve the quality of the grape material and, thus, future wine products.

Sales revenue increased by 20% over the previous year, which reflected improved sales volume, as well as price increases which were necessary to recover the higher costs of raw materials, employee compensation, production and sales taxes and manufacturing and marketing expenses. The company's labour agreement for the Calgary winery, which expired December 31, 1982, and for the St. Catharines winery, which expired March 31, 1983, are currently in negotiation. The labour agreements for the Surrey winery expire December 31, 1983. It is anticipated that these negotiations will be concluded without labour disruption.

OIL AND GAS OPERATIONS

Financial Years Ended March 31	1983	1982	1981
Sales–gas ($10^3 m^3$)	132,000	139,000	139,000
–oil and other (m^3)	70,000	64,000	82,000
Sales revenue	$16,169,000	$12,289,000	$12,138,000
Earnings before interest and income taxes	$ 1,389,000	$ 3,907,000	$ 5,729,000

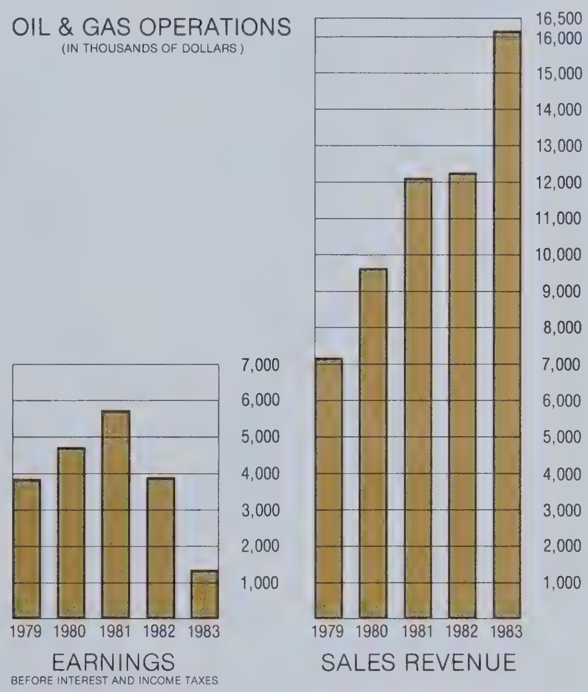
The petroleum industry in Canada continued to be adversely affected by the National Energy Program of the Government of Canada and by the subsequent provincial and federal energy agreements. The resulting high level of royalties and taxation reduced industry cash flow and for many projects resulted in an uneconomic rate of return on investment. This situation, combined with a lack of markets for natural gas, reduced industry activity significantly. Industry expenditures on exploration and development in 1982 were 37% lower than in 1980, and drilling activity was down 20% from 1980. All of the major projects, such as the oil sands plants and the heavy oil recovery schemes which will be needed in Canada by the end of the 1980's, have been cancelled or deferred indefinitely. World oil prices, which were forecasted to increase annually during the term of the energy agreements and increase the industry cash flow, have instead declined and are now expected to remain constant or decrease further for the next few years.

During the year, the federal and provincial governments recognized the need for assistance to the industry in order to stimulate activity. In May 1982, the Government of Canada reduced the petroleum and gas revenue tax (PGRT) from 12% to 11% for the period from June 1, 1982 to May 31, 1983 and allowed an annual deduction of $250,000 per company against PGRT payable. The incremental oil revenue tax was postponed until May 31, 1984. In August 1982, the Alberta Government announced a total of $250,000,000 in cash rebates to the industry for development drilling. These grants reduced the cost of drilling by approximately 25%, and the industry responded with a significant increase in drilling activity in Alberta during the last quarter of 1982. The programme concluded in December 1982 and drilling activity declined in the first quarter of 1983.

In July 1982, the Saskatchewan Government announced that any new oil well drilled between June 1, 1982 and December 31, 1983 would qualify for a crown royalty-free production period of one year. This improved the economics for new oil in Saskatchewan substantially and, as a result, drilling activity increased. The Saskatchewan Government also announced a major change in its natural gas policy. New gas production would receive the Alberta border price, the price of currently produced natural gas would increase 65% to an average of $1.08 per mcf, effective February 1, 1983, and exports of natural gas were approved. These changes will be beneficial to Star, which has both producing and shut-in natural gas in the province.

Unfortunately, the majority of these programmes have been short term in nature and do not address the fundamental problems of the industry. If there is to be a long term revival of the petroleum industry in western Canada, the two levels of government will have to reduce their share of total revenue and allow the industry to achieve a fair rate of return on investment.

To take advantage of the various short term incentives provided by the provincial governments, Star increased spending on exploration and development in Canada by 70% compared to last year. New gas reserves were developed at Bentley and Forty Mile in Alberta and new oil reserves and production were developed in the Nipisi and Garrington areas of Alberta and in the Parkman, Midale, Viewfield and Weyburn areas of Saskatchewan.



In 1982, activity in the United States petroleum industry declined as a result of the recession. Prices for crude oil and some categories of natural gas were reduced, and the demand for natural gas declined to the point where approximately 15% of United States productive capacity was shut-in. As a result of the lower prices and the delay in placing new natural gas on production, Star reduced its expenditures by approximately 75% compared to the previous year. The company participated in a modest oil development programme in North Dakota and a small land acquisition programme in Texas. The company's

activities in the United States will continue at a modest level until conditions improve.

Since 1978, Star has participated in 96 wells in the United States, of which 57 wells, or 59%, were completed as oil or gas wells. Due to the decline in price of crude oil, the lack of markets for natural gas and the productivity decline of some of Star's wells, the appraised value of Star's investment in the United States showed a substantial decline from book value and was written down by $4,900,000.

In Australia, the company participated in the drilling of one well on Permit WA-110-P, which was dry and abandoned, and an unsuccessful attempt to drill a well on Permit WA-102-P. Star does not intend to participate further in this venture and the cost was written off.

Star's gas production declined 5% compared to last year, due to lower demand, particularly for export gas to the United States. The economic recession in the United States, together with the relatively high price of Canadian gas, have resulted in industry exports running at approximately 50% of the currently approved levels. Star's oil and natural gas liquid production increased by 9% as a result of new reserves being placed on production during the year and higher demand for production from existing wells.

Sales revenue increased by 32% over last year, as a result of increased prices for both crude oil and natural gas and increased oil production. Earnings before interest and taxes declined significantly, as a result of higher production costs and the write down of United States assets. The petroleum and gas revenue tax, which is included in production costs, amounted to $1,587,000 for the year, an increase of 35% over the previous year.

Uncertainty over oil and natural gas prices and the current low level of demand for Canadian natural gas in the United States have resulted in concern about the short term future of the Canadian petroleum industry. Star will concentrate its activities on the development of new oil reserves and production to take advantage of the one year royalty-free period in Saskatchewan and the reasonable rate of return on this investment in Alberta.

DRILLING ACTIVITY

	1983			1982		
	Working Interest Wells			Working Interest Wells		
	Total	Star Share	Royalty Interest Wells*	Total	Star Share	Royalty Interest Wells*
CANADA						
Gas	11	4.01	3	14	2.01	9
Oil	17	8.18	5	3	0.75	2
Dual zone oil and gas	2	0.75	1	–	–	–
Dry and abandoned	7	1.36	5	–	–	9
	37	14.30	14	17	2.76	20
UNITED STATES						
Gas	1	0.01	–	11	1.42	–
Oil	6	0.34	–	5	1.14	–
Dual zone oil and gas	–	–	–	–	–	–
Dry and abandoned	2	0.25	2	12	1.92	–
	9	0.60	2	28	4.48	–
AUSTRALIA						
Dry and abandoned	1	0.08	–	–	–	–

*Drilled at no cost to Star under agreements with other companies.

As at March 31, 1983, Star held an interest in gross and net hectares of land as follows:

	PROVED			UNPROVED		
	Gross	Net	Royalty*	Gross	Net	Royalty*
CANADA						
Alberta	44,839	14,058	16,636	154,670	35,851	2,947
British Columbia	2,447	836	1,183	41,687	11,509	268
Saskatchewan	34,199	10,688	96	32,147	18,202	60
Eastcoast Offshore	–	–	–	–	–	74,260
Total Canada	81,485	25,582	17,915	228,504	65,562	77,535
UNITED STATES						
Alaska	2,072	28	–	–	–	–
Colorado	–	–	–	97	24	–
Kansas	259	24	–	1,108	160	–
Montana	259	16	–	4,164	3,737	–
North Dakota	77	16	–	1,813	441	–
Oklahoma	1,922	217	–	1,125	295	–
Pennsylvania	299	30	–	–	–	–
Texas	1,145	151	–	5,942	1,934	–
West Virginia	320	51	–	–	–	–
Wyoming	–	–	–	13,143	3,048	–
Total United States	6,353	533	–	27,392	9,639	–
AUSTRALIA OFFSHORE	–	–	–	2,035,784	151,102	–
TOTAL	87,838	26,115	17,915	2,291,680	226,303	77,535

*The company is paid a royalty of from 3% to 15% of production income from producing wells drilled by other companies at no cost to Star.


ALASKA
BRITISH COLUMBIA
ALBERTA
SASKAT-CHEWAN
EDMONTON
CALGARY
PACIFIC OCEAN
MONTANA
NORTH DAKOTA
WYOMING
DENVER
COLORADO
KANSAS
TULSA
OKLAHOMA
DALLAS
TEXAS
HOUSTON
PENNSYLVANIA
WEST VIRGINIA
ATLANTIC OCEAN
GULF OF MEXICO
STAR OIL & GAS LTD.
MAIN PRODUCTION AREAS
OIL PRODUCTION
NATURAL GAS PRODUCTION
SEDIMENTARY AREA
PRECAMBRIAN AND GRANITE INTRUSIVE ROCKS

RESPONSIBILITIES FOR FINANCIAL STATEMENTS

MANAGEMENT

Management is responsible for the preparation of the consolidated financial statements of Carling O'Keefe Limited and for their integrity and objectivity. The statements have been prepared in accordance with generally accepted Canadian accounting principles, which conform in all material respects with international standards, and which have been applied on a consistent basis. The significant accounting policies followed are described in Note 1 to the financial statements.

Management is further responsible for maintaining a system of internal accounting controls, designed to provide reasonable assurance that the books and records reflect the transactions of the Corporation and that its established policies and procedures are carefully followed. The system is continually reviewed for its effectiveness and is augmented by written policies and guidelines, the careful selection and training of qualified personnel and a programme of internal audit.

AUDITORS

Price Waterhouse are appointed by the Shareholders as independent auditors to examine the consolidated financial statements of Carling O'Keefe Limited and report thereon. Their examination is conducted in accordance with generally accepted auditing standards and includes a review of internal accounting controls and tests of transactions. The Auditors' Report appears on Page 23.

AUDIT COMMITTEE

The Board of Directors, through the Audit Committee of the Board, reviews with Price Waterhouse the scope of their audit and the accounting principles to be applied in financial reporting and is responsible for assuring that management fulfills its responsibilities in the preparation of the financial statements. The Audit Committee, which is composed entirely of non-employee Directors, meets regularly with the independent auditors, representatives of management and the internal auditors to review the activities of each and to ensure that each is properly discharging its responsibilities. To ensure complete independence, Price Waterhouse have full and free access to meet separately with the Audit Committee, to discuss the results of their examination and their opinions on the adequacy of internal accounting controls and the quality of financial reporting.

MANAGEMENT'S DISCUSSION AND ANALYSIS OF RESULTS OF OPERATIONS

The following analysis and explanatory comments relating to the operations of the Corporation should be read in conjunction with the consolidated financial statements, financial summaries and information on operations by segment which are provided elsewhere in this report.

RESULTS OF OPERATIONS

Consolidated earnings from operations increased during the fiscal year ended March 31, 1983, reflecting higher sales volume and improved margins. Brewing is the Corporation's principal business, and in 1983 it contributed 90% of consolidated sales revenue and 90% of earnings from operations before interest and income taxes. The level of contribution of the brewing operations to consolidated sales revenue has remained fairly constant over the three year period. However, the contribution to earnings from operations has increased from 77% in 1981. The results for 1983 include the operations of Century Importers, Inc., acquired effective April 1, 1982. An improvement in the consolidated return on average capital employed has been achieved during the period, particularly in 1983.

INCOME

Consolidated sales revenue increased by $140,094,000, or 22%, in 1983, compared to an increase of $106,785,000, or 20%, in 1982 and $59,289,000, or 12%, in 1981. Selling price increases during the period accounted for the major portion of the increased sales revenue. Increased selling prices were required to cover increased production and sales taxes and higher manufacturing, marketing and distribution costs. Sales volume improved in 1983, as an increased share of the Canadian beer market more than offset a decline in the industry's volume. Sales volume in 1981 was affected adversely by industry work stoppages which occurred in the brewing operations in British Columbia and Alberta.

Investment and other income decreased over the period, as the amounts of discount on the receivable from the sale of trade marks taken into

income declined and lower profits were made on the redemption of debentures in 1983.

COSTS

Operating costs increased in all segments of the business, reflecting the general rise in cost of materials and services purchased and employee compensation.

Production and sales taxes increased by $53,289,000, or 24%, in 1983, compared to increases of 24% and 17% in 1982 and 1981 respectively. The increases primarily reflected increased rates of taxation and also included new taxes, higher selling prices and volume.

Raw materials and manufacturing costs increased by $28,968,000, or 14%, in 1983, compared to increases of $30,350,000, or 17%, in 1982 and $15,498,000, or 10%, in 1981. Costs in 1983 reflected increased volume, higher unit costs for packaging materials and employee compensation, increased repairs and maintenance and energy costs and a $4,900,000 write down of oil and gas assets in the United States. In 1982 and 1981, unit cost increases related primarily to higher costs for brewing and packaging materials and employee compensation.

Marketing and distribution costs increased by $24,249,000, or 16%, in 1983, which included Century Importers, Inc. for the first time, compared to increases of 15% and 12% in 1982 and 1981 respectively. The increased marketing costs reflected higher unit costs of advertising production and broadcasting, as well as increased competition in the brewing industry for specific marketing vehicles, particularly those related to sports activities. Increased distribution costs were related primarily to employee compensation and energy costs.

Administrative and general costs increased by $7,168,000, or 26%, during 1983, compared to an increase of 14% in 1982 and 6% in 1981. Increased costs in 1983 reflected the inclusion of Century Importers, Inc. for the first time, higher employee compensation, an increase in the provision for doubtful accounts, increased office lease costs and lower gains on asset disposals. Prior years' costs increased in line with the general rate of inflation.

Interest costs during the period reflected changes in short term borrowings and fluctuating interest rates. Foreign exchange costs reflected the increase in the value of the Canadian dollar relative to the Irish punt on the translation of the financial statements of Beamish & Crawford Limited and, in 1983 and 1982, included a cost related to the translation of the Rand receivable from the sale of trade marks.

In 1981, a gain of $10,500,000 on the sale of certain trade marks for southern Africa was recorded as an extraordinary item. In determining the gain on the sale, an imputed interest rate of 20% was applied to the estimated receivable, which will all be received by March 31, 1984. The resulting discount is being included in investment and other income over the period as earned.

It should be noted that results of operations from one quarter to the next are not comparable nor are they an indication of annual results, due to the seasonal nature of the alcoholic beverage industry, which traditionally has greater sales and earnings in the summer months. The improved earnings in the fourth quarter of 1983 reflected significant improvement in the Canadian brewing operations. The improvement arose from higher volumes, due to increased share of market on higher Canadian brewing industry volumes and improved margins. This higher industry volume during the quarter was attributed to the relatively mild winter and the timing of the Easter holiday.

FINANCIAL POSITION

Consolidated net cash at March 31, 1983 was $31,635,000, an improvement of $42,827,000 during the year. A comparative consolidated statement of changes in financial position appears on Page 17.

In 1983, the Corporation generated a significant cash flow, which exceeded immediate operating requirements and the capital expenditure programme. In previous years, the funds generated from operations approximated capital expenditures and the increase in working capital, excluding net cash.

Consolidated working capital, excluding net cash, used in the Corporation's operations decreased $32,738,000 during 1983. An increase in working capital, excluding net cash, of $18,295,000 and $5,825,000 had been recorded in 1982 and 1981 respectively. The current ratio at March 31, 1983 was 1.6:1, the same as at March 31, 1982 and a slight improvement on March 31, 1981.

Increased sales revenue in 1983 did not result in a comparable increase in accounts receivable. Strict controls were maintained over receivables in Quebec and Newfoundland and significant volume increases in Ontario did not result in higher receivables, as sales are made direct to the consumer for cash. Inventory levels were slightly lower. In previous years, accounts receivable increased, due to higher selling prices, and inventories increased, due to higher quantities and unit costs for all materials and labour.

Accounts payable and accrued liabilities increased, due to higher levels of production, marketing and capital expenditures in the fourth

quarter of 1983. In addition, as in previous years, increases have occurred, due to higher unit costs for packaging materials, marketing costs and higher vacation pay accruals. In 1981, accounts payable and accrued liabilities included the accrual for the purchase of the minority interest in Jordan & Ste-Michelle Cellars Ltd. Income taxes payable have increased significantly, reflecting the timing of the final instalment of corporate income taxes based on the higher earnings for 1983 and the reduced amount of depreciation deductible for tax purposes in the year of acquisition of plant and equipment. The final instalment for income taxes payable in May 1983 will significantly reduce the cash and short term investments held at the year end.

Funds from operations during the three year period were used in the acquisition of property, plant and equipment, Century Importers, Inc. and the minority interest of Jordan & Ste-Michelle Cellars Ltd.

Capital expenditures for the year were $33,424,000, compared to $25,118,000 in 1982 and $26,487,000 in 1981. The major capital expenditures during the period were in the Canadian brewing operations, with significant expenditures at the breweries in Calgary, Alberta; Vancouver, British Columbia; Montreal, Quebec and Winnipeg, Manitoba. Expenditures on oil and gas were maintained at approximately the same level as in prior years. Details of capital expenditures by business segment are provided on Page 25.

The Corporation has projected consolidated capital expenditures for the 1984 fiscal year at approximately $60,000,000, but this will depend on the specific timing of major projects. The major increase from the level of capital spending in 1983 will be related to the further expansion and renewal of the breweries located in Vancouver, British Columbia; Calgary, Alberta and Toronto, Ontario. The initial phases of the Calgary and Vancouver projects commenced in 1982.

Lines of credit have been arranged which are considered to be adequate to meet the anticipated operating requirements and capital expenditures of the Corporation and each of its subsidiaries for the coming year.

The Corporation reduced its long term debt by meeting its obligations under the terms of the debenture covenants and the term loan agreement.

The continued reduction in long term debt during the year has reduced the long term debt to only 3% of total shareholders' equity, compared to 5% in 1982 and 7% in 1981. This indicates that there is ample room for increasing long term debt for the financing of an acquisition or capital expenditures, or if interest rates are such that the issuing of term debt is considered desirable.

Dividends were paid on the preference shares in accordance with their terms. Dividends on common shares were paid at the rate of 5¢ per common share per quarter to July 1, 1982. Thereafter, the rate was increased to 7¢ per quarter. A special dividend of 7.5¢ per common share was paid on October 1, 1981, in addition to the regular quarterly dividend.

The Corporation's cash flow during a year follows the seasonality of the brewing operations, which have higher sales in the summer months and in the December holiday season. During the winter period, maintenance programmes and expansion projects are carried out to coincide with reduced brewing activities. In addition, there is a cash flow fluctuation within each month, due to the timing of receipts and payments, which gives a relatively favourable cash position at each month end.

IMPACT OF INFLATION

The Corporation's operations are affected by inflation, particularly when replacing assets used in the normal course of business. The Corporation's production facilities were acquired over a number of years and any adjustment to reflect constant dollar and current cost information would result in a significant increase in the net values of property, plant and equipment and a corresponding increase in the depreciation charge for the year. Inventories and cost of products sold would increase marginally if current costs were used.

The Canadian Institute of Chartered Accountants (C.I.C.A.) has recommended that, commencing with the Corporation's 1984 fiscal year, supplementary information be presented in the financial statements detailing the inflationary effect on the cost of a corporation's operations. The information to be disclosed will be experimental in nature and the principles to be used will be reviewed by the C.I.C.A. The proposed disclosures are reasonably consistent with the disclosure requirements set by the United States Financial Accounting Standards Board and the Institute of Chartered Accountants in England and Wales.

The Corporation has presented on Pages 28 to 30 supplementary information on oil and gas producing activities, as required by the Financial Accounting Standards Board of the United States. This presentation is prepared in lieu of current cost information for oil and gas operations. Management has not included constant dollar nor current cost information on the Corporation's other operations, as it endeavours to apply the prescribed methodology in a consistent and meaningful manner to the Corporation's operations.

CARLING O'KEEFE LIMITED

(INCORPORATED UNDER THE LAWS OF ONTARIO)

CONSOLIDATED STATEMENT OF EARNINGS

(IN THOUSANDS OF DOLLARS)

	YEAR ENDED MARCH 31		
	1983	1982	1981
INCOME			
Sales revenue	$784,227	$644,133	$537,348
Investment and other income	5,554	6,251	7,566
	789,781	650,384	544,914
COSTS			
Production and sales taxes	274,443	221,154	178,159
Raw materials and manufacturing	235,367	206,399	176,049
Marketing and distribution	174,002	149,753	130,058
Administrative and general	34,500	27,332	23,948
Interest on long term debt	1,094	1,684	1,694
Other interest	903	2,558	1,404
Foreign exchange	863	3,770	1,068
Minority interest	–	–	113
	721,172	612,650	512,493
EARNINGS BEFORE INCOME TAXES	68,609	37,734	32,421
Income taxes (Note 10)			
Current	27,142	8,385	7,671
Deferred	3,398	6,575	4,965
	30,540	14,960	12,636
EARNINGS FROM OPERATIONS BEFORE EXTRAORDINARY ITEM	38,069	22,774	19,785
Extraordinary item			
Gain on sale of trade marks $13,300 less income taxes $2,800 (Note 3)	–	–	10,500
EARNINGS FOR THE YEAR	$ 38,069	$ 22,774	$ 30,285
EARNINGS PER COMMON SHARE FOR THE YEAR			
Preference share dividends	$ (2,037)	$ (2,046)	$ (2,062)
Earnings for the year applicable to 21,762,295 common shares outstanding	$ 36,032	$ 20,728	$ 28,223
Before extraordinary item	$1.65	95¢	82¢
After extraordinary item	$1.65	95¢	$1.30

CARLING O'KEEFE LIMITED

CONSOLIDATED BALANCE SHEET
(IN THOUSANDS OF DOLLARS)

ASSETS

	MARCH 31 1983	MARCH 31 1982
CURRENT ASSETS		
Cash and short term investments	$ 32,553	$ 5,952
Accounts receivable	47,876	48,583
Inventories (Note 4)	77,463	76,307
Prepaid expenses	5,389	4,401
Total current assets	163,281	135,243
PROPERTY, PLANT AND EQUIPMENT (NOTE 5)	318,903	292,016
Less accumulated depreciation and depletion	131,153	118,167
	187,750	173,849
OTHER ASSETS (NOTE 6)	39,254	32,585
	$390,285	$341,677

LIABILITIES AND SHAREHOLDERS' EQUITY

	1983	1982
CURRENT LIABILITIES		
Bank indebtedness and notes payable	$ 918	$ 17,144
Accounts payable and accrued liabilities	60,912	46,908
Income taxes	20,369	3,740
Other taxes	18,327	15,216
Dividends payable	2,030	1,599
Total current liabilities	102,556	84,607
LONG TERM LIABILITIES (NOTE 7)	9,435	12,437
DEFERRED INCOME TAXES	42,182	38,784
COMMITMENTS AND CONTINGENT LIABILITIES (NOTE 11)		
SHAREHOLDERS' EQUITY		
Capital stock (Note 9)		
Preference shares	42,020	42,270
Common shares	78,357	78,357
	120,377	120,627
Retained earnings	115,735	85,222
Total shareholders' equity	236,112	205,849
	$390,285	$341,677

APPROVED BY THE BOARD:

S. RODERICK McINNES, Director

LOUISE B. VAILLANCOURT, Director

CARLING O'KEEFE LIMITED

CONSOLIDATED STATEMENT OF CHANGES IN FINANCIAL POSITION

(IN THOUSANDS OF DOLLARS)

	YEAR ENDED MARCH 31		
	1983	1982	1981
FUNDS PROVIDED BY			
Earnings from operations before extraordinary item	$ 38,069	$ 22,774	$ 19,785
Items included in earnings not requiring an outlay of cash			
Depreciation, depletion and amortization	19,493	12,769	10,964
Deferred income taxes	3,398	6,575	4,965
Other items	941	1,253	(1,764)
	61,901	43,371	33,950
Sale of trade marks, less long term receivable $6,987 and deferred income taxes	–	–	2,613
Decrease in working capital, excluding net cash	32,738	–	–
Disposal of property, plant and equipment and other assets	1,096	1,908	2,219
Current portion of long term receivables	1,785	4,376	3,085
Additions to long term liabilities	941	35	1,213
	98,461	49,690	43,080
FUNDS USED FOR			
Additions to property, plant and equipment	33,424	25,118	26,487
Purchase of subsidiary companies (Note 2)	9,320	–	2,993
Increase in working capital, excluding net cash	–	18,295	5,825
Additions to other assets	1,159	1,977	3,178
Reduction of long term liabilities	3,925	3,585	3,510
Dividends			
Preference shares	2,037	2,046	2,062
Common shares	5,658	5,985	4,352
Purchase of preference shares	111	126	150
	55,634	57,132	48,557
INCREASE (DECREASE) IN NET CASH	42,827	(7,442)	(5,477)
NET CASH AT BEGINNING OF YEAR	(11,192)	(3,750)	1,727
NET CASH AT END OF YEAR	$ 31,635	$ (11,192)	$ (3,750)

Net cash represents cash and short term investments, less bank indebtedness and notes payable.

CARLING O'KEEFE LIMITED

CONSOLIDATED STATEMENT OF RETAINED EARNINGS

(IN THOUSANDS OF DOLLARS)

	YEAR ENDED MARCH 31		
	1983	1982	1981
Balance at beginning of year	$ 85,222	$ 70,349	$ 46,378
Earnings for the year	38,069	22,774	30,285
Excess of par value over cost of preference shares purchased for cancellation	139	130	100
	123,430	93,253	76,763
DIVIDENDS			
Preference $2.20 per Series A share and $2.65 per Series B share	2,037	2,046	2,062
Common	5,658	5,985	4,352
	7,695	8,031	6,414
Balance at end of year	$115,735	$ 85,222	$ 70,349
Dividends per common share			
–regular	26¢	20¢	20¢
–special	–	7.5¢	–

CONSOLIDATED ANALYSIS OF FUNDS PROVIDED BY (USED FOR) WORKING CAPITAL, EXCLUDING NET CASH

(IN THOUSANDS OF DOLLARS)

	YEAR ENDED MARCH 31		
	1983	1982	1981
Accounts receivable	$ 707	$ (7,429)	$ (4,529)
Inventories	(1,156)	(12,635)	(8,815)
Prepaid expenses	(988)	635	(1,515)
Accounts payable and accrued liabilities	14,004	(4,441)	7,458
Income taxes	16,629	585	(31)
Other taxes	3,111	4,994	1,066
Dividends payable	431	(4)	541
Decrease (increase) in working capital, excluding net cash	$ 32,738	$(18,295)	$ (5,825)

CARLING O'KEEFE LIMITED

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

1. ACCOUNTING POLICIES

The financial statements are prepared on the historical cost basis in accordance with accounting principles generally accepted in Canada, which conform in all material respects with those in the United States, except as disclosed in Note 12.

Principles of Consolidation

The principal operating subsidiaries are listed on Page 32. Purchase accounting has been followed for all acquisitions. For certain subsidiaries acquired prior to April 1, 1974, the excess of the cost of shares over the value of the underlying net tangible assets at the time of acquisition is carried at cost and is not amortized. Intangible assets acquired subsequently and sports franchises are amortized over periods not exceeding forty years.

Foreign Exchange

Foreign currency accounts are translated into Canadian dollars as follows: current accounts at exchange rates in effect at March 31; other balance sheet accounts and depreciation expense at historical rates of exchange; income and other costs at average rates of exchange during the year. The resulting exchange gains or losses are included in earnings.

Inventories

Inventories of beverage products, materials and supplies are stated at the lower of average cost and net realizable value. Containers are recorded at amortized cost, which is lower than new replacement cost.

Property, Plant and Equipment

Property, plant and equipment are recorded at cost. Depreciation is provided on the straight line basis at the following rates per annum:

Buildings	2½%-6⅔%
Machinery and equipment	6⅔%-10%
Motor vehicles	10%-25%

Oil and gas assets are accounted for using the full cost method, whereby all costs of exploration and development are capitalized on a country by country basis. Such capitalized costs net of amortization can not exceed net revenues from estimated future production of proved reserves at current prices and costs and the estimated fair market value of properties. Costs are amortized against income using the unit of production method based on proved oil and gas reserves.

Gains or losses on disposal of brewery, winery and significant oil and gas assets are included in earnings.

Other Assets

Other assets are recorded at cost or amortized cost. Deferred charges are primarily payments under employment and promotional rights contracts, which are amortized over the life of the respective contracts.

Pensions

Current service costs are charged to operations as they accrue. Prior service costs arising from amendments to the plans and actuarial gains or losses generally are charged to operations over periods up to fifteen years.

Marketing Costs

Marketing costs, including those related to the introduction of new brands, are charged to operations during the year in relation to sales and are expensed by the end of the year in which the cost is incurred.

Investment Tax Credits

Net investment tax credits relating to capital expenditures are accounted for as a reduction of income tax expense in the year earned.

2. ACQUISITIONS

Effective April 1, 1982, the Corporation acquired from an associated company all of the outstanding shares of Century Importers, Inc. for $6,235,000 in cash and assumed a working capital deficiency of $3,085,000. The excess of cost of shares over the underlying net tangible assets acquired amounted to $9,188,000.

Effective March 31, 1981, the Corporation acquired for $2,993,000 cash the shares owned by the minority shareholders of Jordan & Ste-Michelle Cellars Ltd. The transaction increased the cost of shares of subsidiaries in excess of underlying net tangible asset values at acquisition by $1,015,000.

3. GAIN ON SALE OF TRADE MARKS

During the 1981 fiscal year, the Corporation sold the Carling Black Label and Red Cap trade marks for southern Africa.

The total consideration of Rand 14,500,000 is being received over the four year period ending March 31, 1984 and is subject to a reduction should certain objectives not be achieved.

The estimated receivable outstanding, net of provision for unrealized foreign exchange loss, was:

	March 31	
	1983	1982
Estimated receivable	$2,572,000	$6,213,000
Unamortized discount based on imputed interest of 20%	462,000	1,488,000
	2,110,000	4,725,000
Included in accounts receivable	2,110,000	2,940,000
Included in other assets	$ —	$1,785,000

4. INVENTORIES

	1983	1982
Beverage products, finished and in process	$44,937,000	$45,031,000
Materials and supplies	16,523,000	15,497,000
Containers	16,003,000	15,779,000
	$77,463,000	$76,307,000

5. PROPERTY, PLANT AND EQUIPMENT

	1983		1982	
	Cost	Accumulated depreciation and depletion	Cost	Accumulated depreciation and depletion
Land	$ 7,008,000	$ —	$ 6,895,000	$ —
Buildings	82,079,000	28,507,000	75,742,000	26,693,000
Machinery and equipment	131,229,000	71,340,000	117,263,000	67,001,000
Motor vehicles	17,276,000	8,691,000	15,640,000	8,037,000
Oil and gas assets	77,463,000	21,026,000	73,331,000	15,131,000
Leasehold improvements	3,848,000	1,589,000	3,145,000	1,305,000
	$318,903,000	$131,153,000	$292,016,000	$118,167,000

6. OTHER ASSETS

	1983	1982
Sports franchises, less amortization $1,310,000 (1982–$979,000)	$11,934,000	$12,265,000
Deferred charges and other investments	5,705,000	7,599,000
Cost of shares of subsidiaries in excess of underlying net tangible asset values at acquisition, less amortization $509,000 (1982–$215,000) (Note 2)	21,615,000	12,721,000
	$39,254,000	$32,585,000

7. LONG TERM LIABILITIES

	1983	1982
Sinking fund debentures		
Series C 5% due January 15, 1983	$ –	$ 600,000
Series D 5½% due April 1, 1986	2,396,000	3,200,000
Series E 5½% due April 1, 1989	4,873,000	4,918,000
Term bank loan, due March 31, 1985	3,000,000	4,400,000
Obligations under capital leases	369,000	483,000
	10,638,000	13,601,000
Less amount included in current liabilities	2,894,000	2,895,000
	7,744,000	10,706,000
Unfunded pensions	–	981,000
Deferred revenue under gas contracts	1,691,000	750,000
	$ 9,435,000	$12,437,000

The term bank loan bears interest at the bank's prime rate and is repayable in varying instalments up to March 31, 1985.

Obligations under capital leases are disclosed in Note 11.

Principal payments on long term debt for the years 1984 through 1988 are as follows: 1984–$2,894,000; 1985–$2,817,000; 1986–$1,927,000; 1987–$1,000,000; 1988–$1,000,000.

8. PENSIONS

The Corporation and its subsidiaries maintain pension plans covering substantially all employees and generally fund pensions with independent trustees in accordance with legal requirements. Certain supplementary pensions are unfunded and charged to operations when paid. Based on recent independent actuarial valuations, unfunded prior service obligations are estimated at $6,900,000. The unrecorded unfunded amounts are being charged to operations generally over periods up to fifteen years, as described in Note 1. Total pension expense for the year ended March 31, 1983 was $7,852,000 (1982–$6,937,000; 1981–$6,343,000).

9. CAPITAL STOCK

	1983	1982
Authorized		
840,407 preference shares with a par value of $50 each, issuable in series		
30,001,260 common shares without par value		
Issued		
433,745 $2.20 cumulative redeemable preference shares, Series A	$21,687,000	$21,687,000
406,662 $2.65 cumulative redeemable preference shares, Series B (1982–411,662)	20,333,000	20,583,000
	$42,020,000	$42,270,000
21,762,295 common shares	$78,357,000	$78,357,000

The Series A and B preference shares are redeemable at the option of the Corporation at $53.00 and $52.50 per share respectively. During the year ended March 31, 1983, 5,000 Series B shares were purchased on the open market for cancellation (1982–5,125; 1981–5,000).

Rothmans Investments Limited, a wholly owned subsidiary of Rothmans of Pall Mall Canada Limited, is the owner of record of 50.1% of the Corporation's common shares.

10. INCOME TAXES

The difference between a basic income tax rate and the effective income tax rate based on income tax legislation is accounted for as follows:

	1983	1982	1981
Basic rate	50%	50%	50%
Income taxes at basic rate	$34,304,000	$18,867,000	$16,211,000
Incentives	(3,361,000)	(2,626,000)	(2,560,000)
Alberta royalty tax credit	(2,712,000)	(2,063,000)	(755,000)
Rate difference on Irish earnings	(504,000)	(528,000)	(810,000)
United States oil and gas write down	2,450,000	–	–
Foreign exchange	438,000	1,456,000	603,000
Other–net	(75,000)	(146,000)	(53,000)
Income taxes–consolidated statement of earnings	$30,540,000	$14,960,000	$12,636,000
Effective income tax rate	45%	40%	39%

Incentives include resource and depletion allowances net of royalties, inventory allowances, manufacturing and processing credits and investment tax credits.

Deferred income taxes primarily reflect timing differences between accounting and tax depreciation.

11. COMMITMENTS AND CONTINGENT LIABILITIES

In the normal course of business, the Corporation has commitments including the cost of television rights, royalties payable under licensing agreements, purchase of agricultural products and capital expenditures.

Commitments under operating lease obligations relate to sports facilities, warehouses, retail stores and offices. Containers and equipment leased under capital leases are included in their respective asset categories and are depreciated accordingly. The following table summarizes the minimum rental payments due after March 31, 1983.

Year Ending March 31	Capital Leases	Operating Leases	Total
1984	$ 142,000	$ 3,777,000	$ 3,919,000
1985	170,000	2,964,000	3,134,000
1986	128,000	2,487,000	2,615,000
1987	–	1,928,000	1,928,000
1988	–	1,070,000	1,070,000
Thereafter to 1999	–	5,200,000	5,200,000
Total minimum rental payments	440,000	$17,426,000	$17,866,000
Less imputed interest	71,000		
Obligations under capital leases	$ 369,000		

There are a number of outstanding claims and legal actions involving the Corporation. In the opinion of counsel, the outcome of these matters should have no material effect on the Corporation's financial position.

12. INFORMATION PRESENTED IN ACCORDANCE WITH GENERALLY ACCEPTED ACCOUNTING PRINCIPLES IN THE UNITED STATES

The extraordinary item in 1981 would have been included in earnings before income taxes.

Statement 52 of the Financial Accounting Standards Board in the United States requires that gains or losses arising on the translation of foreign currency financial statements at the current exchange rate should be treated as an adjustment to shareholders' equity.

Earnings for the year and earnings per common share determined in accordance with generally accepted accounting principles in the United States are set forth below.

	1983	1982	1981
Earnings for the year as reported	$ 38,069,000	$22,774,000	$30,285,000
Adjustment for foreign currency translation previously expensed	591,000	1,448,000	1,210,000
Adjusted earnings for the year	$ 38,660,000	$24,222,000	$31,495,000
Adjusted earnings per common share	$1.68	$1.02	$1.35

The adjustment to retained earnings to reflect the cumulative adjustment under FASB 52, would be as follows:

	1983	1982	1981
Retained earnings reported as at March 31	$115,735,000	$85,222,000	$70,349,000
Cumulative adjustment arising from foreign currency translation	(2,061,000)	(1,214,000)	(790,000)
Adjusted retained earnings	$113,674,000	$84,008,000	$69,559,000

13. OTHER

The information on continuing operations by segment is presented on Page 25.

Price Waterhouse
CHARTERED ACCOUNTANTS

Box 51 Toronto-Dominion Centre
Toronto, Ont. M5K 1G1
(416) 863-1133 Telex 02-2246

May 26, 1983

Auditors' Report

TO THE SHAREHOLDERS OF CARLING O'KEEFE LIMITED:

We have examined the consolidated balance sheet of Carling O'Keefe Limited as at March 31, 1983 and 1982 and the consolidated statements of earnings, retained earnings, changes in financial position and analysis of funds for each of the three years in the period ended March 31, 1983. Our examinations were made in accordance with generally accepted auditing standards, and accordingly included such tests and other procedures as we considered necessary in the circumstances.

In our opinion, these consolidated financial statements present fairly the results of operations, changes in financial position and changes in working capital of the Corporation for each of the three years in the period ended March 31, 1983 and its financial position as at March 31, 1983 and 1982, in accordance with generally accepted accounting principles consistently applied.

Price Waterhouse

Chartered Accountants

LINES OF BUSINESS

Carling O'Keefe Limited, through its subsidiaries, manufactures and sells brewery and wine products in Canada and brewery products in Ireland. It also owns a producing oil and gas company, which operates primarily in Canada. All subsidiaries are wholly owned.

Carling O'Keefe Breweries of Canada Limited is one of three major brewing companies who together account for approximately 96% of all Canadian beer sales. The company has 3,100 employees and operates seven breweries in Canada, with an annual production capacity of approximately 5,835,000 hectolitres. One plant is located in each of the Provinces of Newfoundland, Quebec, Ontario, Manitoba, Saskatchewan, Alberta and British Columbia. In Ontario, Manitoba, Saskatchewan, Alberta and British Columbia, the company, together with other Canadian brewers, jointly own companies for the distribution of their products and pay their respective share of operating costs based on market share. In the Provinces of Quebec and Newfoundland, beer is distributed through independent distributors and company branches. The company manufactures and sells its own and licensed brands. Principal brands are O'Keefe Ale, Old Vienna, The Carlsberg Family, O'Keefe's Extra Old Stock and Carling Black Label. Exports of Old Vienna, O'Keefe Ale and Cinci to the United States are distributed through Century Importers, Inc. The company owns Le Club de Hockey Les Nordiques, which operates the National Hockey League team in Quebec City and the American Hockey League team in Fredericton, and the Argonaut Football Club, which operates the Canadian Football League team in Toronto.

Jordan & Ste-Michelle Cellars Ltd. sells in all Provinces and Territories of Canada, has 300 employees and operates three wineries with a combined storage capacity of approximately 457,000 hectolitres. One winery is located in each of the Provinces of Ontario, Alberta and British Columbia. With the exception of sales through 29 company operated retail stores in Ontario, all sales are made through outlets operated by Provincial Liquor Boards. The company uses two trading styles, Jordan and Ste-Michelle.

Star Oil & Gas Ltd. is engaged in the exploration for and the development and production of oil and gas, primarily in Canada, and has 17 employees. The estimated proved developed and undeveloped net crude oil and natural gas liquids and natural gas reserves before royalties at March 31, 1983 were 749,000 cubic metres and 4,114,000,000 cubic metres respectively. These are primarily located in the Provinces of Alberta and Saskatchewan.

Beamish & Crawford Limited has 360 employees and operates a brewery in Cork, Republic of Ireland, with an annual production capacity of approximately 290,000 hectolitres. The Irish market is dominated by one brewer who accounts for approximately 90% of the total industry, with the remaining market shared by Beamish & Crawford Limited and one other brewer. Beer is distributed either through independent distributors or directly to retail outlets. Principal brands are Carling Black Label, Carlsberg and Bass.

Other income is derived from investments and from royalties under a licensing arrangement for the production and sale of Carling Black Label.

The Corporation is deemed to be foreign controlled under the Foreign Investment Review Act and any acquisitions the Corporation may wish to make in Canada must receive governmental approval. Under the foreign ownership provisions of the National Energy Program of the Government of Canada, the Corporation is not eligible for certain oil and gas incentives.

FIVE YEAR FINANCIAL SUMMARY
INFORMATION ON OPERATIONS BY SEGMENT
(IN THOUSANDS OF DOLLARS)

	1983	1982	1981	1980	1979
SALES REVENUE					
Beer	$709,820	$583,281	$481,189	$432,546	$360,593
Wine	58,238	48,563	44,021	35,873	33,525
Oil and gas	16,169	12,289	12,138	9,640	7,155
Consolidated	$784,227	$644,133	$537,348	$478,059	$401,273
EARNINGS FROM OPERATIONS					
Beer	$ 63,325	$ 34,120	$ 24,331	$ 22,494	$ 15,486
Wine	5,741	3,949	1,512	1,434	2,166
Oil and gas	1,389	3,907	5,729	4,720	3,816
	70,455	41,976	31,572	28,648	21,468
Corporate income–net	151	–	3,947	3,210	3,221
Interest expense	(1,997)	(4,242)	(3,098)	(2,639)	(2,004)
Income taxes	(30,540)	(14,960)	(12,636)	(11,881)	(9,073)
Consolidated	$ 38,069	$ 22,774	$ 19,785	$ 17,338	$ 13,612
IDENTIFIABLE ASSETS					
Beer	$242,599	$210,367	$187,627	$161,853	$142,607
Wine	56,032	55,867	52,801	52,681	52,963
Oil and gas	60,287	63,513	58,967	51,993	42,227
	358,918	329,747	299,395	266,527	237,797
Corporate	31,367	11,930	18,103	14,306	15,034
Consolidated	$390,285	$341,677	$317,498	$280,833	$252,831
CAPITAL EXPENDITURES					
Beer	$ 24,480	$ 15,527	$ 15,637	$ 11,468	$ 9,755
Wine	1,920	2,619	2,050	1,970	2,305
Oil and gas	7,024	6,972	8,800	11,953	14,473
Consolidated	$ 33,424	$ 25,118	$ 26,487	$ 25,391	$ 26,533
DEPRECIATION AND DEPLETION					
Beer	$ 8,811	$ 7,645	$ 7,094	$ 6,661	$ 6,341
Wine	1,335	1,194	1,144	1,040	954
Oil and gas	8,722	3,535	2,367	2,040	1,614
Consolidated	$ 18,868	$ 12,374	$ 10,605	$ 9,741	$ 8,909

Earnings by segment represent total sales revenue, less all operating expenses other than corporate costs, interest and income taxes. Identifiable assets are those that are used in the Corporation's operations in each industry. Corporate assets comprise cash, short term investments, receivable from sale of trade marks and mortgage receivable.

FIVE YEAR FINANCIAL SUMMARY

(UNAUDITED)
(IN THOUSANDS OF DOLLARS)

	1983	1982	1981	1980	1979
EARNINGS					
Earnings from operations	$ 38,069	$ 22,774	$ 19,785	$ 17,338	$ 13,612
Extraordinary items	–	–	10,500	–	322
Net earnings	$ 38,069	$ 22,774	$ 30,285	$ 17,338	$ 13,934
Dividends					
Preference	$ 2,037	$ 2,046	$ 2,062	$ 2,077	$ 2,091
Common					
Regular	$ 5,658	$ 4,352	$ 4,352	$ 2,176	$ 1,088
Special	$ –	$ 1,633	$ –	$ –	$ –
Net earnings per common share					
Before extraordinary items	$1.65	95¢	82¢	70¢	53¢
After extraordinary items	$1.65	95¢	$1.30	70¢	54¢
Dividends per common share					
Regular	26¢	20¢	20¢	10¢	5¢
Special	–	7.5¢	–	–	–
BALANCE SHEET					
Current assets	$163,281	$135,243	$117,499	$103,858	$ 90,942
Current liabilities	102,556	84,607	77,716	64,423	50,475
Working capital	60,725	50,636	39,783	39,435	40,467
Property, plant and equipment–net	187,750	173,849	161,874	147,847	132,736
Other assets	39,254	32,585	38,125	29,128	29,153
Net assets	287,729	257,070	239,782	216,410	202,356
Long term debt	7,744	10,706	14,744	18,195	20,622
Other long term obligations	43,873	40,515	33,806	30,704	27,144
Preference shares	42,020	42,270	42,526	42,776	43,026
Common shares and retained earnings	$194,092	$163,579	$148,706	$124,735	$111,564
Current ratio	1.6	1.6	1.5	1.6	1.8
Debt to equity	3:97	5:95	7:93	10:90	12:88
Return on shareholders' equity	17.2%	11.5%	11.0%	10.8%	9.1%
Return on capital employed	15.0%	12.0%	11.0%	10.0%	8.9%
Book value per common share	$8.92	$7.52	$6.83	$5.73	$5.13

Return on shareholders' equity represents earnings from operations, excluding extraordinary items, divided by the average of the opening and closing balances of shareholders' equity.

Return on capital employed represents earnings from operations, excluding deferred income taxes and after tax interest expense, divided by average capital employed. Capital employed is the average of the opening and closing balances of shareholders' equity, interest bearing debt and other long term obligations, which includes deferred income taxes.

QUARTERLY FINANCIAL DATA
(UNAUDITED)

Summarized quarterly financial data for 1983 and 1982 (in thousands of dollars, except per share data) appear below.

	SALES REVENUE		GROSS PROFIT		NET EARNINGS		NET EARNINGS PER SHARE	
	1983	1982	1983	1982	1983	1982	1983	1982
First	$204,945	$159,109	$ 71,089	$ 54,668	$ 9,064	$ 4,107	$0.39	$0.16
Second	214,260	181,260	76,249	63,492	11,097	8,921	0.49	0.39
Third	197,599	168,276	68,001	56,903	9,873	7,794	0.43	0.33
Fourth	167,423	135,488	59,078	41,517	8,035	1,952	0.34	0.07
	$784,227	$644,133	$274,417	$216,580	$38,069	$22,774	$1.65	$0.95

Gross profit represents sales revenue, less production and sales taxes and raw materials and manufacturing costs.

SUPPLEMENTARY INFORMATION ON OIL AND GAS PRODUCING ACTIVITIES

(UNAUDITED)

The following unaudited supplementary information relating to the Corporation's oil and gas producing activities is presented in compliance with the disclosure requirement in the United States (FASB 69).

METRIC CONVERSION

The Canadian petroleum industry utilizes the metric system. The following conversion factors are given to convert metric terms to the Imperial system of units:

TO CONVERT FROM		TO		MULTIPLY BY
Cubic metres	(m^3)	Barrels	(bbl)	6.3
Thousands of cubic metres	(10^3m^3)	Thousands of cubic feet	(mcf)	35.5
Hectares	(ha)	Acres	(ac)	2.5

ESTIMATED NET QUANTITIES OF PROVED OIL AND GAS RESERVES

	YEAR ENDED MARCH 31		
	1983	1982	1981
Crude oil and natural gas liquids (10^3m^3)			
Net proved reserves at beginning of year	695	759	784
Additions from drilling	41	15	27
Revisions of previous estimates	62	(36)	–
Production	(49)	(43)	(52)
Net proved reserves at end of year	749	695	759
Net proved developed reserves at end of year	749	695	759
Natural gas (10^6m^3)			
Net proved reserves at beginning of year	4,210	4,138	4,148
Additions from drilling	88	138	93
Revisions of previous estimates	(87)	32	–
Production	(97)	(98)	(103)
Net proved reserves at end of year	4,114	4,210	4,138
Net proved developed reserves at end of year	2,214	2,295	2,252

The company's oil and gas reserves are substantially all located in Canada. Estimates of proved developed reserves were prepared by independent evaluators and are deemed to be those reserves which, to a high degree of certainty, are considered to be recoverable at commercial rates under present production methods and current operating conditions, prices and costs. Estimates of proved undeveloped reserves include only those reserves which are expected to be recovered on undrilled lands from new wells which are virtually certain of production when drilled. Proved developed and undeveloped reserves do not include probable reserves nor possible additional reserves which may be found by extensions of presently proved reservoirs or by new discoveries on presently held properties.

CAPITALIZED COSTS

The aggregate capitalized cost and accumulated depletion of oil and gas properties, more than 80% of which was related to proved properties, were:

	YEAR ENDED MARCH 31		
	1983	1982	1981
Proved and unproved properties	$ 77,463,000	$ 73,331,000	$ 66,414,000
Less accumulated depletion	21,026,000	15,131,000	11,576,000
	$ 56,437,000	$ 58,200,000	$ 54,838,000

Costs capitalized in oil and gas activities

	YEAR ENDED MARCH 31		
	1983	1982	1981
Property acquisition costs	$ 1,127,000	$ 1,878,000	$ 2,094,000
Exploration costs	1,742,000	2,806,000	2,376,000
Development costs	4,128,000	2,233,000	4,294,000
	$ 6,997,000	$ 6,917,000	$ 8,764,000

RESULTS OF OPERATIONS FOR OIL AND GAS PRODUCING ACTIVITIES

	YEAR ENDED MARCH 31		
	1983	1982	1981
Sales revenue, net of royalties	$ 16,169,000	$ 12,289,000	$ 12,138,000
Less:			
Production costs	6,058,000	4,847,000	4,042,000
Depletion and depreciation	8,722,000	3,535,000	2,367,000
Income taxes	1,739,000	197,000	1,763,000
Results of operations from producing activities, excluding corporate overhead and interest costs	$ (350,000)	$ 3,710,000	$ 3,966,000

Production costs include lifting costs, petroleum and gas revenue taxes, as well as direct administration costs. Income taxes are net of the Alberta Royalty Tax Credit.

STANDARDIZED MEASURE OF DISCOUNTED FUTURE NET CASH INFLOWS FROM PROVED RESERVES

	YEAR ENDED MARCH 31		
	1983	1982	1981
Future net cash inflows	$389,523,000	$287,853,000	$220,450,000
Less:			
Production costs	153,051,000	117,027,000	72,712,000
Development costs	23,289,000	5,090,000	4,871,000
Income taxes	90,868,000	63,910,000	50,673,000
Future net cash inflows, undiscounted	122,315,000	101,826,000	92,194,000
Less 10% annual discount for estimated timing of net cash inflows	67,553,000	51,907,000	45,465,000
Standardized measure of discounted future net cash inflows	$ 54,762,000	$ 49,919,000	$ 46,729,000

The estimated future net cash inflows from existing proved reserves are calculated by applying year end prices and royalty rates to forecast future production volumes. Estimated production and development costs include future costs and expenditures necessary to produce existing proved reserves assuming current cost levels. Income taxes are estimated by applying the statutory rates in effect at year end to the pre-tax net cash inflows adjusted for known permanent differences. Provincial tax credits and royalty rebates have been deducted from income taxes.

A 10% annual discount factor has been applied to the estimated timing of future net cash inflows to determine the amount of the discount. The discount was then deducted from estimated future net cash inflows to determine the Standardized Measure of Discounted Future Net Cash Inflows.

The Standardized Measure of Discounted Future Net Cash Inflows should not be considered to represent the fair market value of the company's oil and gas properties.

The following are the principal sources of change in the Standardized Measure of Discounted Future Net Cash Inflows.

	YEAR ENDED MARCH 31		
	1983	1982	1981
Reserve additions from drilling, net of future production and development costs	$ 6,393,000	$ 6,411,000	$ 2,257,000
Changes in prior years' reserves			
Accretion of discount	7,481,000	6,619,000	6,678,000
Prices, royalties, production and development costs	11,480,000	4,728,000	(1,426,000)
Revision of quantities	(869,000)	(1,696,000)	–
Sales revenue, net of production costs and petroleum taxes	(10,111,000)	(7,442,000)	(8,096,000)
Change before income taxes	14,374,000	8,620,000	(587,000)
Income taxes	9,531,000	5,430,000	*
Change after income taxes	$ 4,843,000	$ 3,190,000	*

*Not available

The changes in the Standardized Measure of Discounted Future Cash Inflows are calculated before income taxes, using year end selling prices, royalties and costs.

MARKET PRICE OF SHARES AND RELATED SECURITY HOLDER MATTERS

The common shares trade on the Toronto, Montreal, Vancouver, New York and Amsterdam exchanges, using the symbol CKB. For Canadian income tax purposes, the valuation day (December 22, 1971) value was $7.50. There were 18,658 Shareholders of record as at March 31, 1983.

The $2.20 Series A and $2.65 Series B preference shares are traded on The Toronto Stock Exchange. For Canadian income tax purposes, the valuation day (December 22, 1971) value was $32.00 and $36.50 respectively. There were 2,005 and 1,185 Shareholders of record respectively as at March 31, 1983.

	1983				1982			
	FOURTH QUARTER	THIRD QUARTER	SECOND QUARTER	FIRST QUARTER	FOURTH QUARTER	THIRD QUARTER	SECOND QUARTER	FIRST QUARTER
COMMON SHARES								
Toronto Stock Exchange								
High	$14.62	$12.00	$ 9.50	$ 8.12	$ 7.12	$ 6.12	$ 7.75	$ 8.75
Low	11.12	8.62	6.37	6.62	5.12	4.65	4.60	7.37
New York Stock Exchange (United States currency)								
High	$12.00	$ 9.87	$ 7.75	$ 6.62	$ 5.75	$ 5.25	$ 6.50	$ 7.37
Low	9.62	7.00	5.00	5.12	4.25	3.75	3.87	6.12
Dividends per common share								
Regular	7.0¢	7.0¢	7.0¢	5.0¢	5.0¢	5.0¢	5.0¢	5.0¢
Special	–	–	–	–	–	–	7.5¢	–
PREFERENCE SHARES								
Toronto Stock Exchange Series A								
High	$23.25	$21.75	$18.50	$18.00	$16.12	$19.37	$19.50	$21.00
Low	22.00	18.50	16.25	14.62	14.75	14.50	16.00	19.00
Series B								
High	$27.50	$25.50	$22.00	$21.00	$21.00	$23.00	$23.62	$25.00
Low	25.00	21.00	20.50	18.00	17.87	18.00	18.00	23.62

There are no restrictions on the export or import of capital which affect the remittance of dividends, interest or other payments to non-resident holders of the Corporation's securities.

The Foreign Investment Review Act requires the prior approval by the Government of Canada of the acquisition by, or transfer to, non-eligible persons, of direct or indirect control of a Canadian business entity. The Act does not apply to the purchase of shares or securities of a corporation where such purchases would not give the purchasers control of the corporation.

Withholding taxes at the rate of 25% are imposed on the payment of dividends and interest to non-residents of Canada. Under certain tax treaties, including the Canada/United States tax treaty, such rate is reduced from 25% to 15%. Capital gains on disposals are not taxable in Canada if the United States security holder has no permanent establishment in Canada.

FORM 10-K

Carling O'Keefe Limited common shares are traded on The New York Stock Exchange and the Corporation, therefore, files an annual report on Form 10-K with The Securities and Exchange Commission in Washington, D.C. Shareholders may obtain a copy of this report by writing to the Vice President Legal and Secretary of the Corporation.

VERSION FRANÇAISE

Si vous désirez un exemplaire de la version française du présent rapport, veuillez en faire la demande par écrit au:

Vice-président, Affaires juridiques et secrétaire général
Carling O'Keefe Limitée
79 St. Clair Avenue East, Toronto,
Canada M4T 1M6

CARLING O'KEEFE LIMITED

PRINCIPAL OPERATING SUBSIDIARY COMPANIES

CANADA
Carling O'Keefe Breweries of Canada Limited
La Brasserie O'Keefe Inc.
Jordan & Ste-Michelle Cellars Ltd.
Star Oil & Gas Ltd.

REPUBLIC OF IRELAND
Beamish & Crawford Limited

UNITED STATES
Century Importers, Inc.

CHIEF EXECUTIVE OFFICERS OF PRINCIPAL OPERATING SUBSIDIARIES

S. RODERICK McINNES
Carling O'Keefe Breweries of Canada Limited

EDWARD J. PRÉVOST
La Brasserie O'Keefe Inc.

DONALD H. TWINER
Jordan & Ste-Michelle Cellars Ltd.

RALPH A. ESTELLE
Star Oil & Gas Ltd.

R. ANTHONY HALPIN
Beamish & Crawford Limited

PETER CODD
Century Importers, Inc.

EXECUTIVE OFFICES

79 St. Clair Avenue East
Toronto, Canada M4T 1M6

AUDITORS

Price Waterhouse

PRINCIPAL BANKERS

Bank of Montreal
The Royal Bank of Canada
Chemical Bank–New York

REGISTRAR IN CANADA

Montreal Trust Company

REGISTRAR IN THE UNITED STATES

Morgan Guaranty Trust Company of New York

SOLICITORS

Smith, Lyons, Torrance, Stevenson & Mayer

TRANSFER AGENTS IN CANADA

National Trust Company, Limited
Ontario, Quebec, Manitoba, Alberta and British Columbia

Canada Permanent Trust Company
New Brunswick and Nova Scotia

The Canada Trust Company
Saskatchewan

TRANSFER AGENT IN THE UNITED STATES

The Chase Manhattan Bank, N.A.

DIRECTORS

RALPH L. BEATTY, C.A.
Executive Vice President Finance
Carling O'Keefe Limited, Toronto, Ontario

CONRAD M. BLACK, LL.L., M.A.
Chairman of the Board and
Chairman of the Executive Committee
Argus Corporation Limited, Toronto, Ontario

PIERRE DES MARAIS II
President, Pierre Des Marais Inc., Montreal, Quebec

JOHN H. DEVLIN
Chairman of the Board
Rothmans of Pall Mall Canada Limited
Toronto, Ontario

VERNAL C. GERMAN, P.Eng.
Company Director and Consultant
Toronto, Ontario

WILLIAM J. M. HENNING, Q.C.
Senior Partner, Parlee, Irving, Henning, Mustard & Rodney
Edmonton, Alberta

I. LOYOLA MATTE
Company Director, Montreal, Quebec

S. RODERICK McINNES, C.A.†
President & Chief Executive Officer
Carling O'Keefe Limited, Toronto, Ontario

SIR DAVID NICOLSON, F.Eng., M.E.P.
Chairman of the Board
Rothmans International p.l.c., London, England

POUL J. SVANHOLM
President & Chief Executive Officer
The United Breweries Ltd., Copenhagen, Denmark

JAMES G. TORRANCE, Q.C.
Senior Partner, Smith, Lyons, Torrance, Stevenson & Mayer
Toronto, Ontario

LOUISE B. VAILLANCOURT*
Company Director, Outremont, Quebec

OFFICERS

S. RODERICK McINNES
President & Chief Executive Officer

RALPH L. BEATTY
Executive Vice President Finance

J. ANTHONY GAUNTLEY, M.C.
Vice President International

PETER JOHN YOUNG
Vice President Legal & Secretary

ALAN M. HODGE
Treasurer

CAROL A. MUNRO
Assistant Secretary

†Member of the Pension and Compensation Committee of the Board
*Member of the Audit Committee of the Board

Featuring two of Jordon & Ste-Michelle Cellars' best selling brands– the sparkling Spumanti Bambino and one of Canada's fastest growing white wines, Maria Christina– together with a recently introduced German-style white wine, Interlude.

CARLING O'KEEFE
LIMITED